

Office of Inspector General

**U.S. Department of Labor
Office of Audit**

**Audit of
Madison County Working Connection's
Competitive Welfare-to-Work Grant
October 1, 1999 Through September 30, 2001**

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ACRONYMS

CFR	-	Code of Federal Regulations
COARMM	-	Coalition On At-Risk Minority Males
DOL	-	U.S. Department of Labor
ETA	-	Employment and Training Administration
FSR	-	Financial Status Report
FY	-	Fiscal Year
HHS	-	U.S. Department of Health and Human Services
HRB	-	Huntsville Rehabilitation Foundation
JTPA	-	Job Training Partnership Act
MOU	-	Memorandum of Understanding
OIG	-	Office of Inspector General
OMB	-	Office of Management and Budget
TANF	-	Temporary Assistance for Needy Families
WIA	-	Workforce Investment Act
WtW	-	Welfare-to-Work

EXECUTIVE SUMMARY

On October 1, 1999, the Madison County Commission, located in Huntsville, Alabama, received a competitively procured Welfare-to-Work (WtW) grant from the U.S. Department of Labor (DOL), Employment and Training Administration (ETA). The purpose of the \$4,714,613 grant was to place 640 non-custodial parents in unsubsidized employment, over a 30-month period.

The Office of Inspector General (OIG) received a complaint alleging that Madison County had not complied with Federal requirements. In response to the complaint, we audited financial and program activities related to Madison County's WtW grant, for the period October 1, 1999 through September 30, 2001.

Our Findings

We identified a variety of financial, compliance and program delivery concerns and have questioned \$358,229 charged to the WtW grant. (See Exhibit 1.) Questioned grant expenditures include:

- personnel costs totaling \$1,837 incurred prior to beginning of grant;
- equipment purchases costing \$43,553 that were improperly procured;
- consultants' charges totaling \$93,133 that were paid in excess of limitations, paid before the contracts were effective, were inadequately supported and included payments for services not authorized by the grant agreement or within the scope of their contracts;
- contractors' costs of \$205,835 in payment of services designated as donations, involving transactions between related organizations, for billings that were not adequately supported, services performed without agreements, activities not authorized in the grant agreements or scopes of their contracts, activities that did not benefit WtW program participants; and
- costs of \$13,871 related to participants who did not meet program eligibility criteria or whose eligibility was not adequately documented.

We also found that financial accountability over the grant was unsatisfactory. Financial Status Reports (FSRs) were not prepared on an accrual basis, as required by ETA.

The program's effectiveness is also a concern. In addition to our concerns over its stewardship of the grant, we believe Madison County substantially overestimated the number of eligible

program participants who were available to be served. Consequently, participants have not been served or placed in unsubsidized employment at a rate consistent with the grant's goals.

As of September 30, 2001, with 80 percent of the grant's 30-month period of performance completed, Madison County reported it had served only 205 participants, and placed in jobs only about 5 percent (33 of 640) of the participants that it initially proposed serving. Consequently, the average cost for each placement had risen from \$7,400 proposed when ETA awarded Madison County the grant, to \$38,100.

Recommendations

The severity and scope of problems caused us to question Madison County's capability of operating an effective program. We are also concerned with the grant's poor performance. Madison County's award was based on its representation that it could effectively serve a much larger population of welfare recipients, at a significantly lower average cost per participant.

Madison County is currently seeking a 1-year extension of the grant's period of performance, until March 31, 2003. We recommend the Assistant Secretary for Employment and Training not extend the grant beyond its current termination date of March 31, 2002.

We also recommend that the Assistant Secretary recover \$358,229 in grant expenditures we have questioned. We further recommend the Assistant Secretary monitor Madison County's grant closeout activities, to ensure the final Federal reports submitted to ETA are accurate and that any unspent grant funds are returned.

Madison County's Response

Madison County indicated it enjoyed successes with job placement programs prior to obtaining the WtW competitive grant. However, the response indicates the WtW program has been plagued with problems since its inception, including a lack of clear guidance on program requirements, difficulty recruiting and retaining qualified program staff, and a fire on March 11, 2001, which disrupted activities and destroyed WtW program records.

The County disagreed with most of our conclusions and recommendations. According to the County's response, many of the expenditures questioned in the report are the result of problems at the inception of the program or the unavailability of pertinent documentation. Madison County's comments on questioned costs and our conclusions are presented in Attachment A of this report.

The County also commented that participants have received substantial benefits from the program and it continues to improve. According to the response, the County is now capable of administering an effective program.

Our Evaluation

Madison County did not provide any information that caused us to change the findings and recommendations in our draft report. Much of the information offered in the response provided context, but did not convince us funds were not misspent or that program requirements were not violated.

We continue to recommend that the Assistant Secretary for Employment and Training terminate the WtW grant on its scheduled expiration date of March 31, 2002. We also recommend recovery of \$358,229 in misspent grant funds and that the Assistant Secretary monitor Madison County's closeout activities to ensure they are properly and expeditiously completed.

BACKGROUND

OIG's Involvement

We received a complaint alleging problems with Madison County Working Connection's (Madison County's) stewardship of its competitive WtW grant. The complaint cited violations of Federal cost principles, administrative requirements, procurement rules, poor financial management practices and lack of internal controls. Additionally, the complaint indicated it was unlikely Madison County would meet performance goals established in the grant.

We initially reviewed financial and performance data related to Madison County's WtW grant operations, as of March 2001. However, we extended our work through September 2001, because of issues we identified relating to financial management and grant performance. We examined grant activities that occurred from October 1, 1999 through September 30, 2001.

Objectives of Welfare-to- Work Grants

Provisions of the Balanced Budget Act of 1997 (Act) authorized DOL to make \$3 billion available for WtW grants. WtW grants are intended to help Temporary Assistance for Needy Families (TANF) program recipients and certain non-custodial parents find employment. DOL's WtW program is closely related to the TANF grant program administered by the U.S. Department of Health and Human Services (HHS).

During Fiscal Years (FYs) 1998 and 1999, \$711 million of the \$3 billion in WtW funds was designated for award through competitive WtW grants. ETA solicited grant applications from private and public organizations, to administer transitional assistance programs and help hard-to-employ welfare recipients find lasting jobs that offer good prospects of self-sufficiency. ETA judged the applications it received on a variety of published criteria that included the need for funds in the area served by the applicant, the viability of the proposed service delivery strategy, and likelihood of the proposed project's success.

To date, ETA has made three rounds of competitive WtW grant awards. While the periods of performance for the projects vary, grant funds may be available for up to 5 years beyond the initial date of the grant award.

Principal Grant Requirements and Criteria

WtW Competitive grants have a "work-first" emphasis. The grants are meant to provide welfare recipients with transitional assistance that moves them into unsubsidized employment with good career potential for economic self-sufficiency. Transitional assistance may be provided to participants through a strategy that first engages them in employment-based activities. Basic or vocational skills training may be provided for a period of up to 6 months pre-employment, or as a post-employment activity, in conjunction with either subsidized or unsubsidized employment.

In addition to provisions of the Act, state and local government grantees are required to follow general fiscal and administrative rules, that are codified in DOL regulations at 29 CFR 95. Also, state and local organizations must follow provisions of OMB Circular A-87 (Cost Principles for State, Local, and Indian Tribal Governments) that include requirements for determining the allowability of costs.

OMB Circular A-87, Attachment A, Section C. 1., *Factors affecting allowability of costs*, provides basic guidance for determining the allowability of costs. To be allowable under Federal awards, cost must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.*
- b. Be allocable to Federal awards under the provisions of this Circular. . . .*
- d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items. . . .*
- j. Be adequately documented.*

OMB Circular A-87, Attachment A, Section C.2 provides that a cost is reasonable if it does not exceed that which would be incurred by a prudent person in the circumstances. In determining reasonableness, consideration should be given to whether the cost is ordinary and necessary for the performance of the grant award.

Program regulations found at 20 CFR 645 apply to competitive WtW grants. Provisions of 20 CFR 645.235 identify allowable administrative costs. The provisions also state that administrative costs charged to competitive grants should be no more than 15 percent of the grant award.

***Madison County's
Competitive Grant***

On October 1, 1999, Madison County received a competitive WtW grant in the amount of \$4,714,613. The purpose of the grant was for Madison County to place 640 non-custodial parents in unsubsidized employment over a 30-month period.

Madison County's grant application stated its objective was to place non-custodial parents in jobs and provide support necessary for their lasting employment. Typically, non-custodial parents are fathers or mothers who do not live in the same household as their child(ren). To be eligible for the WtW program, non-custodial parents must generally meet three criteria: (1) they must be unemployed, meet definitions of "underemployed" or be having difficulty making child support payments; (2) the minor child must be receiving or be eligible for TANF or other specified assistance; and (3) the non-custodial parent must enter into a personal responsibility

contract. In addition, Madison County also requires that the participant must be a resident of the County.

Madison County contracted with Huntsville Rehabilitation Foundation to provide individual assessment, job readiness and job search and placement assistance to participants.

On December 29, 1999, and on March 21, 2000, ETA modified the WtW grant to realign budget items as requested by Madison County. The grant period, total grant amount and placement goals remained unchanged.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

We examined program activities related to the WtW-funded competitive grant awarded Madison County. Our examination was completed to evaluate issues contained in a complaint that alleged WtW funds were not spent in accordance with applicable laws and regulations and the grant's performance goals were not being met.

Scope

Our audit included Madison County WtW program activities that occurred from October 1, 1999 through September 30, 2001.

Methodology

To obtain an understanding of the WtW program, we reviewed legislation, regulations, grant and grant proposal material prepared by Madison County. We interviewed ETA regional office staff responsible for oversight of the WtW grants, and Madison County staff who were responsible for accounting and administrative controls over grant expenditures and program operations.

We reviewed Madison County's WtW grant financial and program records relating to issues identified in the complaint. Additionally, to evaluate grant performance, we randomly selected a sample of 35 participants from the 125 participants who were reported as receiving WtW services as of March 31, 2001.

We reviewed files of the 14 participants who Madison County reported had obtained unsubsidized employment, and who were working 30 or more hours per week. Participants' files were reviewed to determine if they were eligible for the WtW program and were adequately served.

It was not an objective of our audit to issue an opinion on whether the WtW grant expenditures included on the September 30, 2001, FSR Madison County submitted to ETA were accurate, complete or reported in accordance with instructions. However, in completing our tests, it came to our attention that accrued expenditures were not reported on the FSR as required. (See the "Results of Audit" section of this report for a discussion of this issue.) Consequently, we concluded the September 30, 2001, FSR was not prepared in accordance with ETA's reporting instructions.

Therefore, the financial portion of our audit consisted of reviewing accounting data and supporting documentation maintained in Madison County's general ledger system. We did not evaluate the County's general operations and internal controls. Our examination was limited to the administrative and accounting controls applicable to Madison County's WtW grant.

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests as we considered necessary to satisfy the objective of our audit. Our fieldwork began in June 2001 and continued intermittently into February 2002.

RESULTS OF AUDIT

We have several concerns with Madison County's stewardship of its grant funds and its ability to meet performance goals. On several occasions, Federal and State requirements have not been observed. Further, performance expectations were not met and financial reports submitted to ETA are unreliable.

We examined WtW expenditures reported by Madison County, as of September 30, 2001. Of \$1,270,214 in reported expenditures, we identified \$358,229 that did not satisfy the requirements for allowable costs. Exhibit 1 of this report contains a summary of the costs we have questioned.

***Personnel Costs of
\$1,837 Were Improper***

The general ledger contained personnel costs of \$1,837 that were incurred prior to the beginning of the WtW grant. The grant began on October 1, 1999. However, it was charged a pro rata share of the Assistant Director's and the Employment Specialist's

September 1999 salaries and fringe benefit costs that totaled \$1,837. Both individuals worked part-time on WtW grant activities and charged the remainder of their time to other County functions.

The personnel charges do not meet requirements of being "reasonable," "necessary" or "allocable," as required by OMB Circular A-87. Additionally, Attachment B, Section 32 of the Circular provides that preaward costs are allowable, only to the extent that they would be allowable if they had been incurred after the date of the award and with the written approval of the awarding agency. Madison County did not obtain the Grant Officer's approval for the charges. The charges also violate the WtW grant's "Statement of Work" that provide grant funds may not be used to pay costs incurred before the effective date of the grant award. Consequently, we questioned the costs as unallowable WtW grant charges.

***Equipment Purchases of
\$43,553 Were Unallowable***

We identified \$43,553 of unauthorized or improper equipment purchases that were charged to the WtW grant. The charges involve:

- \$14,533 for the unauthorized purchase of a van; and
- \$29,020 for computer equipment that was improperly procured.

Unauthorized Van Purchase The WtW program purchased five vans at a cost of \$102,632. However, only four vans were authorized in the grant agreement. The fifth van was purchased without the required prior approval of ETA's Grant Officer. The WtW program was charged \$14,533 for the fifth van.

Part IV – Special Conditions, Section 2, of the WtW grant agreement requires prior approval of equipment purchases:

*Awardees must receive **prior approval** from the DOL/ETA Grant Officer for the purchase and/or lease of any equipment with a **per unit acquisition cost of \$5,000 or more, and a useful life of more than one year.** [Emphasis added.]*

Improperly Procured Computer Equipment Madison County violated competitive procurement rules in the purchase of computer equipment costing \$29,020, which we have questioned.¹ Of the eight vendors who bid on the procurement proposal, three out-of-state vendors' bids were improperly rejected because they did not submit "non-resident bidder forms." Federal procurement rules at Title 29 CFR Part 97, Section 97.36 (c) (2), prohibits excluding out-of-state bidders:

Grantees and subgrantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids. . . .

Further, OMB Circular A-87 requires that Federal grantees follow applicable state and local procurement requirements. The *Code of Alabama 1975*, Section 41-16-50, provides that purchases of \$7,500 or more shall be awarded through a free and open competitive bidding process to the lowest responsible bidder.

The other five vendors were rejected for either not submitting a bid bond, not meeting equipment specifications in the proposal, or not bidding on all items in the proposal. We were told the Commissioner in charge of the WtW program intended the procurement be rebid; however, a consultant of the WtW program misunderstood the Commissioner's instructions and negotiated a purchase with a local vendor. The vendor's previous bid was rejected because the required bid bond had not accompanied the vendor's proposal. The negotiated price was \$1 less than the vendor's original bid, and was \$786 greater than another local bidder's proposal.

The grant agreement called for the purchase of five laptop computers and five desktop computers. However, Madison County purchased 2 laptops and 10 desktops. Madison County stated that the unauthorized change in the quantity of computers was an oversight.

Consultants' Costs Were Improperly Charged to the Program

Four consultants improperly charged the WtW program \$93,133. The WtW program entered into consulting contracts with Dr. Alfred A. Jarrett, Dr. Abdul R. Jalloh, Dr. Sylvanus S. Ogburia, and Thomas Colvin. We found a myriad of problems with the contracts: Specifically, daily limitations on amounts the consultants could charge the

program were not observed. The consultants were paid for services before their contracts were executed and for activities outside the scope of the contracts. Some consultants were reimbursed

¹ The Alabama State Examiners questioned the \$29,020 computer acquisition cost in their annual OMB Circular A-133 audit of Madison County Commission, because Federal procurement rules prohibit geographical preference.

for expenses not authorized in their contracts. In addition, original contracts, which should have contained the dates they were executed, were not available for our review. A discussion of problems with each of the contractors follows:

Dr. Alfred A. Jarrett's Contract

Dr. Alfred A. Jarrett was improperly paid \$70,918. The improper charges consisted of:

- \$16,512 exceeded the \$400 daily maximum charge
- \$30,549 of charges incurred before contract was executed
- \$20,932 of charges for services not benefiting the WtW program
- \$1,000 billed for same time periods
- \$350 billed to 2 programs
- \$1,575 travel expenses

Dr. Jarrett Was Paid \$16,512 in Excess of the \$400 Daily Limitation. Dr. Jarrett frequently billed the WtW program more than the \$400 daily maximum allowed without DOL approval. Part IV – Special Conditions, Section 6, of the grant agreement limits consultant charges to no more than \$400 daily:

Consultants: Consultant fees paid under this grant/agreement shall be limited to \$400 per day without additional DOL Grant Officer approval.

Our analysis of invoices submitted by Dr. Alfred A. Jarrett during the period May 2000 to September 2001 indicates that he was paid \$16,512 for charges exceeding the \$400 daily maximum. We question \$16,512 as a violation of the grant agreement. Madison County told us that the WtW program stopped paying for consultants' services in excess of \$400 a day, effective October 1, 2001.

Invoices submitted by Dr. Jarrett during February, March and April 2000 did not identify daily time charges. Therefore, we were unable to determine if the \$400 daily maximum was exceeded, for periods covered by these invoices. However, we question the entire invoice totals because they were incurred before the contract was executed as discussed below.

Dr. Jarrett Was Paid \$30,549 Before His Contract Was Executed. Starting in November 1999, Dr. Jarrett billed the WtW program for his services. However, his contract was not executed until April 7, 2000. Madison County did not provide us with original or dated consultant contracts. The minutes of the April 7, 2000, Madison County Commission meeting shows that consulting contracts with Dr. Alfred A. Jarrett, Dr. Abdul R. Jalloh, Dr. Sylvanus S. Ogburia and Thomas Colvin III were executed on April 7, 2000. Therefore, any charges by the consultants before that date should not have been paid.

Dr. Jarrett's February 2000 invoice totaling \$14,000 was dated February 22, 2000, and indicated it covered the period November 1999 to February 21, 2000. His March 2000 invoice for \$6,000 was dated March 20, 2000, and indicated it covered March 2000. Dr. Jarrett's April 2000

invoice for \$10,549 indicated it covered the period March 21, 2000 to April 19, 2000. The April invoice does not show daily charges. Therefore, we were unable to determine to what extent, if any, services were performed after the April 7, 2000, contract execution date. We question the three invoices' total of \$30,549, because the services were for time periods before the contract was executed.

The 3 invoices were not prepared in accordance with the terms of Dr. Jarrett's contract that provided:

Each invoice shall be accompanied with a statement showing for each day during the month in which services have been performed the following:

- a. Date services performed*
- b. A detailed description of the actual services performed*
- c. The number of hours, or fraction thereof, in which services were performed on that date.*

Also, the February through April 2000 invoices do not meet the requirements of OMB Circular A-87, Attachment A, Section C. 1.(j), which provides that cost must be adequately documented to be allowable grant charges.

The consultant's failure to properly document invoices was also identified by the Alabama State Examiners. In a FY 2000 audit report of Madison County Commission, the State Examiners reported that several of the consultant's invoices did not contain information required by the contract, such as:

. . . date services performed, a detailed description of the actual services performed, and the number of hours, or fraction thereof, in which services were performed on that date.

Madison County responded to the State Examiners' audit finding by stating that the "written" contract was not approved by the Madison County Commission until its meeting of April 7, 2000. Madison County stated that the invoice submitted by the consultant on May 29, 2000, for the period April 20 to May 29, 2000, and all subsequent invoices, contained the information required by the contract. Madison County further stated that invoices for consultant' services would not be paid unless properly documented.

Dr. Jarrett Billed \$20,932 for Unauthorized Services That Did Not Benefit the WtW Program. Our review of Dr. Jarrett's invoices indicated that many of the services he billed the program for completing were either not consistent with his contract, were not authorized by the WtW grant agreement, or did not benefit the WtW program.

The scope of work in Dr. Jarrett's contract included "Long-Term Tracking," "Evaluation" and "Financial Self-Sustenance." Evaluation was defined to include the following activity: "Conduct training in grant writing, time management and cultural diversity in the work place." Grant writing was not an allowable WtW activity.

The scope of work describes “financial self-sustenance” as:

Provide technical support and participate in the solicitation of funds for the self-sustenance of the program during the program performance period.

The major emphasis of financial self-sustenance was to secure funding either from Federal, State or local sources to ensure that the Working Connection has a continuing funding base after the WtW grant ends. “Solicitation of funds” is not an allowable activity under the grant.

Dr. Jarrett’s invoices indicated that he charged for conducting grant workshop training and financial sustenance with the Madison County Working Connection. Dr. Jarrett charged for working on an extension of the WtW program, due to expire on March 31, 2002. These charges are not allowable or allocable to the WtW grant, because the grant agreement was for a 30-month period, and the services should benefit the program during that 30-month period.

Dr. Jarrett’s invoices shows that he devoted extensive time working on the Alabama Fatherhood Empowerment Program and Alabama Family Empowerment Program. These are not authorized WtW functions and should not be paid for with WtW funds.

In summary, the services we have questioned that were either not authorized or did not benefit the WtW program, as discussed in this section, include:

Financial Self-Sustenance	\$2,580
Statewide WtW Program	2,326
Alabama Family Empowerment Program	5,666
Alabama Fatherhood Empowerment Program	8,102
Morgan County WtW Expansion	536
WtW Competitive Grant Extension	7,476
Program Sustenance	<u>1,750</u>
Subtotal	\$28,436
Less Amount Also Questioned Because Charges	
Exceeded \$400 a Day	<u>(7,504)</u>
Net Questioned Costs	<u>\$20,932</u>

Dr. Jarrett Billed the WtW Program \$1,000 for the Same Time Periods. We examined invoices submitted by Dr. Jarrett and found that on three occasions (May 17, 2000, January 11, 2001, and February 23, 2001), the WtW program was billed for the same time periods. Consequently, the WtW program overpaid Dr. Jarrett by \$1,000. We have questioned the duplicate charges.

Dr. Jarrett Billed Two Programs for the Same Time Period. On June 15, 2000, Dr. Jarrett billed the WtW program \$350 for the same time period that he billed the Parenting Education Training Program (PET). We have questioned the \$350 overlapping charge.

The WtW Program Paid \$1,575 of Dr. Jarrett's Travel Expenses. The WtW program improperly paid \$1,575 of Dr. Jarrett's travel expenses. The travel expenses consisted of meals, lodging, taxi and airline fares. Dr. Jarrett's contract does not provide for payment of travel expenses. Therefore, the payments were improper.

Dr. Abdul R. Jalloh's Contract

Dr. Abdul R. Jalloh was improperly paid \$6,150, consisting of:

- \$725 in payments that exceeded the \$400 per day maximum
- \$3,500 of charges that were incurred before the contract was executed, involved services that did not benefit the WtW program and were not properly documented
- \$1,925 of charges incurred after the contract was executed that did not benefit the WtW program

Dr. Jalloh Was Paid \$725 in Excess of the \$400 Daily Limitation. Between July 2000 and January 2001, Dr. Abdul Jalloh was paid \$725 in excess of the \$400 daily limitation, which violated the grant agreement.

Dr. Jalloh Was Paid \$3,500 Before His Contract Was Executed. Dr. Jalloh's first invoice totaling \$3,500, was dated April 20, 2000, and was for services performed from March 21 to April 19, 2000. Because Dr. Jalloh's contract was not executed until April 7, 2000, charges prior to that date should not have been paid. The invoice does not show daily charges. Therefore, we were unable to determine to what extent, if any, services were performed after the April 7, 2000, contract execution date. We question \$3,500 of costs incurred prior to approval of the contract.

The costs are also questioned because Dr. Jalloh charged the WtW program to assist Dr. Jarrett with establishing a National Tracking Directory of WtW services. Establishment of a National Tracking Directory of WtW services was not within the scope of Dr. Jalloh's contract, was not provided for in the grant agreement and did not benefit the WtW program.

We also question the contract's costs because the invoice did not provide necessary details, such as the days that were worked, the hours worked each day or the services that were performed. Dr. Jalloh's contract required that invoices show each day worked, a detailed description of services performed and the number of hours worked each day.

Dr. Jalloh Was Paid \$1,925 For Services Not Benefiting the WtW Program. Dr Jalloh's July 22, 2000, invoice shows that he charged \$1,925 for editing the WtW Directory. As previously stated, developing a National Tracking Directory of WtW services was not within the scope of Dr. Jalloh's contract.

Dr. Sylvanus S. Ogburia's Contract

Dr. Sylvanus S. Ogburia was improperly paid \$15,265. Dr. Ogburia, a consultant doing business as Magnet Business Solutions, submitted three invoices and was paid a total of \$15,265. The services performed were not consistent with the scope of work stated in his contract and were not activities provided for in the grant agreement. Further, some billings were in excess of daily limitations, were incurred before the contract was effective, and were not adequately documented.

According to the contract's scope of work, Dr. Ogburia was to:

1. Conduct 6 "Business Plan Development" workshops.
2. Conduct 10 workshops on "How to start and Run a Small Business."
3. Conduct 10 workshops on "Packaging of Loan Application."

Dr. Ogburia billed for services that were not included in the contract's scope of work. The first invoice for \$5,500 was for conducting research to establish a micro-loan fund for the Madison County Working Connection. Dr. Ogburia also billed \$800 on April 2, 2000, which was before his contract was approved on April 7, 2000. The invoice shows that Dr. Ogburia also billed \$2,200 more than the \$400 daily limitation.

The second invoice totaling \$2,800 was for meetings held to discuss establishment of a micro-loan fund, and development of a proposal to be submitted by the Coalition On At-Risk Minority Males (COARMM). COARMM is a separate program administered by the Madison County Commission. The invoice does not show daily time charges.

The third invoice, for \$6,965, was to design and print company logos, marketing brochures and letterheads for participants, and providing training on marketing strategies. The invoice does not show daily time charges. The invoice included \$1,965 of printing cost, which was not provided for in the contract.

We question the entire \$15,265 paid to Dr. Ogburia because the services provided were not those specified in his contract. No documentation was provided to us that indicated Dr. Ogburia conducted any of the 26 workshops he was to deliver. Also, the development of a proposal for COARMM was not an authorized WtW activity.

In addition, we have questioned certain costs for other reasons. We found \$800 in billings occurred before the contract was executed, \$2,200 was paid in excess of the \$400 daily cost

limitation, \$1,965 of printing cost were not provided for in Dr. Ogburia's contract, and neither the second nor third invoices, totaling \$9,765, describe any of the daily activities for which Dr. Ogburia billed the program, as is required by the contract.

Thomas Colvin's Contract

The Working Connection entered into a contract with Thomas Colvin III, who was doing business as TC3 Fine Arts. According to the contract, TC3 was to provide "entrepreneurial education through (commercial art)" to participants. However, the WtW program was billed \$800 for the creation of a promotional brochure and establishment of a computer lab. These services were outside the contract's scope of work. Further, we were provided no documentation indicating that any WtW program participants were trained under this contract. Also, documentation indicates the WtW program terminated TC3's services, as of January 18, 2000. However, this date preceded the TC3's contract's effective date of April 7, 2000.

***Several Contractors'
Costs Totaling \$205,835
Are Questionable***

We identified a variety of problems with five additional Madison County WtW program contractors. We have questioned a total of \$205,835 related to the contractors, as discussed in the following section of this report.

COARMM Charged the WtW Program \$29,000 for In-kind Services

We questioned \$29,000 of improper payments made to COARMM. Madison County entered into a Memorandum of Understanding (MOU) with COARMM, to provide mentors and tutors to help coach and otherwise assist WtW program participants. As previously discussed, COARMM delivers another Madison County program.

According to the MOU, the assistance was to be an "in-kind" contribution to the WtW Program. However, rather than contributing the services, COARMM charged the WtW program \$29,000. The WtW program did not have a contract with COARMM and payments to COARMM were not provided for in the grant agreement or budget.

Perfection Plus Business Was Improperly Paid \$4,822 by the WtW Program

Madison County paid an employee of COARMM, who was working for Perfection Plus Business, to design and print a multi-color promotional brochure for the WtW program. COARMM is a nonprofit organization's activity of Madison County District Six, which also administers the WtW program. Perfection Plus Business submitted two invoices and was paid a total of \$4,822.

We questioned the \$4,822 paid to Perfection Plus Business, because the procurement does not offer the appearance of an arms-length transaction. Further, the Alabama State Examiner's audit report on Madison County's activities, for FY 2000, completed under requirements of OMB Circular A-133, commented that the transaction may conflict with State ethics provisions.

Huntsville Rehabilitation Foundation (HRF) Improperly Charged the WtW Program \$25,963 for Services

Payments for Individuals Who were not WtW Program Participants We reviewed HRF's invoices and found that Madison County paid for services provided to individuals who were not WtW program participants. A majority of these clients received "job coaching." The total amount charged the WtW program for individuals who were not WtW program participants was \$3,556. We question the costs because they were not allocable to the WtW program.

Excessive Job Coaching Services We also identified participants who received "job coaching" services in excess of the maximum amount of services specified in HRF's contract. HRF's contract provided for job coaching based on the type of assessment performed, with a maximum of ten days job coaching.

We identified 14 participants who received substantially more than 10 days of job coaching. The WtW program paid \$22,407 for coaching in excess of 10 days. The participants' job coaching costs we have questioned involved individuals who received an average of 35 days of job coaching. We noted one participant received 79 days of job coaching. We do not believe it was reasonable or necessary to provide job coaching services beyond the 10 days stated in the contract. We question the \$22,407 as being excessive and beyond the contract guidelines.

Two Colleges Charged the WtW Program \$146,050 Without Providing Adequate Documentation of Activities

Alabama A&M University Madison County entered into a \$200,000 contract with the Alabama A&M University Social Work Department. The Social Work Department was to provide 30 graduate and undergraduate students as caseworkers and conduct two workshops for the Madison County Working Connection's "target population." The monies were to be used specifically for student "scholarships" and workshops. The student case workers were to work 20 hours a week.

Invoice Number 1, billed the WtW program \$25,375 for student support and workshop/training, related to the Spring 2000 semester. Documentation for student support included a listing of students and their tuition charges. There were no timesheets that indicated when or where the students worked, the hours they worked, or what services they performed for WtW participants.

Documentation for workshop/training consisted of a listing of payments to two Alabama A&M employees who were on the workshop agenda. The sign-in sheet shows that only WtW staff attended the workshop, although the contract provided that the workshops would be for the target population.

Madison County paid \$25,375 to Alabama A&M on May 18, 2000, although the workshop was not held until June 23, 2000.

OMB Circular A-87 requires that grantee charges be adequately supported. The Alabama State Examiners, in their annual audit of the Madison County Commission, questioned expenditures of \$25,375 because the cost was not adequately supported.

Invoice Number 2, billed the WtW program \$54,747 and consisted of student support costs totaling \$42,850 and workshop/training costs of \$11,897 for the Fall 2000 semester. The documentation consisted of a listing of students' tuition and fees, invoices for books and supplies, and a listing of payments to two Alabama A&M employees. Timesheets were submitted for only 8 days of the entire fall semester. Consequently, we cannot determine if the students worked 20 hours each week, as required by the contract. The only activities identified on the time sheets were entries for some students that indicated they were "tutoring." Tutoring was not an authorized activity under the contract.

Invoice Number 3, billed the WtW program \$38,428 for student support and workshop/training. Documentation consisted of a listing of student tuition and fees, invoices for books and supplies, and a listing of payments to two Alabama A&M employees. Timesheets for the Spring 2001 semester did not identify what activities the students worked on, with the exception of some students stated they were tutoring, while other students indicated they were performing research at Alabama A&M computer lab or the Huntsville Public Library. For the most part, the students did not work the required 20 hours each week. There was no documentation indicating that any workshops were held.

Madison County told us that student case workers were assigned to assist in researching funding opportunities for the self-sustenance of the WtW program. This is not an allowable function under the WtW program.

We question the \$118,550 paid to Alabama A&M University because the costs were not adequately supported and some students performed functions not authorized for the WtW program.

Oakwood College Oakwood College entered into a contract with the WtW program to provide student case workers. Oakwood College submitted two invoices and was paid \$27,500 for student tuition, books, and coordinator fees. The documentation consisted of an invoice that listed the students' names, the total numbers of hours they worked, and the total amount they were paid. There were no timesheets to validate when students worked, where they worked, or what services they performed for the WtW participants.

We question the \$27,500 because documentation was insufficient to support the cost.

***Fourteen Percent of
Sampled Participants
Were Ineligible***

We reviewed a sample of 35 participant files to determine if they contained evidence the participants met the eligibility criteria set forth at 20 CFR Part 645 and Madison County's added criteria for non-custodial parents. Five of the 35 participants (14 percent) either did not meet the eligibility criteria or there was not enough documentation available for us to make a determination.

Reasons we could not confirm the participants were eligible included:

- The participant's children lived with their grandmother and there was no documentation indicating the participant gave up custody. Thus, we could not confirm that participant was a non-custodial parent.
- Although the participant was under a court order to pay child support and the other parent has custody, documentation in the file indicates the child was living with the participant, who has provided all of the child's needs since June 1996.
- The participant is totally disabled, receives oxygen 24 hours a day and is unable to work. The participant is not eligible for WtW because he is not available for work.
- The participant was determined eligible by the WtW program because he was underemployed. The WtW program did not verify his income. Alabama Unemployment Insurance wage history files indicate higher earnings.

The WtW program paid \$6,900 for the participant to receive Microsoft Certification Training. The training period was to last almost 8 months, which exceeds the 6-month training maximum allowed by WtW regulations. The participant already possessed a Bachelors degree in Mechanical Engineering Technology.

- Other than a handwritten note, there is no documentation in the file verifying a participant's child was on Medicaid and receiving food stamps in Texas. Thus, we could not determine if the participant was eligible.

The WtW program paid \$3,478 in tuition and fees for the participant to begin a Bachelors degree program in Theology. Completion of the program will take longer than 6 months. The participant already possessed a Bachelors degree in Political Science.

The WtW regulations (29 CFR 645.220(b)) state that training should not exceed 6 months as follows:

Vocational educational training or job training. A participant is limited to six calendar months of such training if (s)he is not also employed or participating in an employment activity, as described in paragraph (c) of this section. (c) Employment activities which consist of any of the following: (1) Community service programs; (2) Work experience programs; (3) Job creation through public or private sector employment wage subsidies; and (4) On-the-job training.

We question \$18,356 (\$4,485 of this amount is also included in costs questioned for excessive job coaching services) paid by the WtW program for services provided to the five participants for whom we determined were ineligible or documentation was insufficient to establish eligibility.

***Expenditure Reports
Were Not Prepared in
Accordance With Requirements***

Grant recipients must provide ETA with quarterly FSRs that indicate cumulative accrued expenditures. However, expenditures reported on Madison County's FSRs were not reported on the accrual basis.

For our audit period, we found that Madison County had not followed ETA's reporting instructions in preparing the FSRs. Under the accrual basis of accounting, expenditures are recognized when they are incurred. However, the County did not prepare the FSRs on an accrual basis. Rather, the County maintains a cash-based accounting system. Consequently, an item's cost is recorded as an expense only after it has been paid. The Chief Accountant for Madison County stated that expenditures were accrued only at the end of each fiscal year (September 30). We found this did not occur.

***Program Performance
Goals Have Not Been Met***

Madison County has not met performance goals stipulated in the grant agreement. Madison County received \$4,714,613 to place 640 participants in unsubsidized employment, during the 30-month period that began on October 1, 1999. After 24 months of operation only 204 recipients were reported as served by Madison County's Work-First Program, and only 33 of the participants served had been reported as placed in unsubsidized employment.

Assuming a consistent placement rate throughout the grant period, about 80 percent, or 512 of the anticipated placements should have occurred by September 30, 2001. However, the 33

participants Madison County reported as having placed represented only about 5 percent of the 640 participants that the grant proposal said would be placed.

There are several reasons for the low level of performance. The client base of non-custodial parents in Madison County did not materialize. The grant proposal indicated that the Department of Human Resources Child Support Division reported there were 1,830 non-custodial parents associated with TANF recipients as of February 1999. The WtW project was expected to serve at least 50 percent of that population over the 30-month grant period.

Madison County officials told us that the high turnover of case managers, the need to replace key program personnel, and a late start in beginning operations all contributed to the low level of performance. Very few participants were recruited from the TANF agency, although TANF was supposed to be a partner from whom non-custodial parents could be recruited. A high number of non-custodial parents did not want to participate in the program, because they had to commit to paying child support and provide personal information about themselves. Some non-custodial parents referred by the court system disappeared after enrolling in the program.

Madison County used five satellite centers to recruit non-custodial parents. Very few participants were recruited from the satellite centers. The centers were staffed by a case manager who spent one day a week at each of the five centers.

***Placement
Costs Are High***

Madison County has placed only a fraction of the individuals originally envisioned and the cost for each placement is over 5 times higher than that stated in the grant proposal. According to the grant agreement, Madison County proposed to place 640 non-custodial parents in unsubsidized employment at a cost of about \$7,376 each (\$4,714,613 divided by 640). Based on reported cost as of September 30, 2001, the average cost for each of the 33 participants reported as placed had risen to \$38,100.

Conclusion

The variety of problems we identified with fiscal and program administration caused us to question Madison County's capability to operate an effective program and the advisability of extending the grant beyond March 31, 2002.

Madison County was awarded a grant based upon its representations in the grant proposal that:

- A local program was needed.
- Madison County had the capacity to administer an effective program.
- A much larger number of non-custodial parents would be served.
- The average cost for placing each participant would be much lower.

Had Madison County's proposal more accurately reflected the results it actually achieved, it is uncertain it would have been awarded a grant.

RECOMMENDATIONS

We recommend that the Assistant Secretary for Employment and Training recover \$358,229 in grant expenditures we have questioned.

We also recommend that the Assistant Secretary not extend the WtW grant past its scheduled expiration date of March 31, 2002. The variety of problems with fiscal and program administration cause us to question Madison County's capability to operate an effective program.

We further recommend the Assistant Secretary monitor Madison County's grant closeout activities to ensure the final Federal reports submitted to ETA are prepared in accordance with reporting instructions, accurate, contain only allowable expenditures, and that any excess grant funds that may be in Madison County's possession are returned to the Department.

MADISON COUNTY'S COMMENTS ON THE DRAFT AUDIT REPORT

Madison County's response indicated its past success in finding jobs for needy individuals caused it to believe the WtW grant program was a "natural fit." However, the County found non-custodial parents were much more difficult to recruit and employ than was envisioned. According to the response, since the program's inception, it has been troubled by inconsistent DOL guidance, turnovers in key program management positions, and a fire that disrupted services and destroyed program records.

Madison County responded to each audit finding and questioned costs. Generally, the County disagreed with our findings. The response argues problems identified in the report are the result of misinterpretations, occurred because of mitigating circumstances, or because pertinent documentation was unavailable. A discussion of the County's response to each questioned cost and our conclusion is presented as Attachment A of this report.

Concerning our finding that Madison County had not reported the program's financial activities in accordance with reporting requirements, the County indicated it prepares accruals once a year. Regarding the program's poor performance and high costs, the County commented that the program has done much good, has been improving since January 2001 and the County now has the capability to administer an effective program. The response indicates the high cost per placement is a reflection of the difficulty in serving non-custodial parents.

Madison County's complete response, absent the attachments, is presented as Exhibit 2 of this report. The voluminous attachments include a variety of personal identifying information protected from public disclosure by the Privacy Act. However, we have transmitted a copy of Madison County's entire response to ETA, for use by the Grant Officer in resolving the findings.

Regarding improper reporting of the WtW program's financial activities, the County may determine accruals for purposes of preparing the County's financial statements. However, none of the quarterly WtW financial reports submitted to ETA contained accruals. Consequently, they do not contain accrued expenditures and have not been prepared in accordance with reporting instructions.

OIG'S CONCLUSIONS

As the response indicates, factors such as vacant management positions, frequent staff turnover and a difficult client population have contributed to the program's difficulties. However, Madison County submitted a grant application, asserting it was capable of operating a successful WtW program. The County was responsible for properly managing the program and achieving the goals proposed in its grant application.

Much of the information offered in the response is circumstantial justification for misspent funds and lack of compliance with WtW requirements. The response did not provide additional information related to the questioned costs that would impact our findings and recommendations.

The response indicates Madison County now has the capability of delivering an effective program. However, continuing issues with the program's design, uncertainties involving the number of non-custodial parents available and willing to be served, and the likelihood that small numbers of participants will be placed in jobs at an extremely high average cost, cause us to recommend the Assistant Secretary for Employment and Training terminate the grant on its scheduled expiration date of March 31, 2002. Also, we continue to recommend the Assistant Secretary recover \$358,229 in misspent grant funds.

MADISON COUNTY'S RESPONSE AND OIG'S CONCLUSION ON SPECIFIC QUESTIONED COSTS

Following is Madison County's response to specific questioned costs in the audit report and our conclusions.

Questioned personnel costs of \$1,837 paid prior to the grants inception

Madison County's Response: Madison County stated that they had not been able to confirm the payments, however payments should not have been made for periods prior to October 1, 1999.

OIG's Conclusion: County payroll records indicate the employees involved were paid for periods prior to grant's October 1, 1999 effective date and the costs were charged to the WtW program. We had discussed this matter in previous correspondence with Madison County and provided detailed information.

Questioned costs of \$14,533 for the unauthorized purchase of a van

Madison County's Response: Madison County indicated the van was vitally needed, used exclusively in the WtW program and was purchased within the amount budgeted for vans in the grant.

OIG's Conclusion: The Grant Agreement that Madison County signed specified that vehicles would not be purchased without the prior approval of ETA's Grant Officer and the purchase of 4 vans was approved. Although Madison County indicated the fifth van was vitally needed and that two automobiles were also used for transportation purposes, we noted that only 33 participants had been reported as placed in unsubsidized employment, as of September 30, 2001. We question whether 7 vehicles would be needed to transport the small number of participants.

Questioned costs of \$29,020 for improperly procured computer equipment

Madison County's Response: Madison County described errors and misunderstandings that occurred during the procurement process. According to the response, the computers were vitally needed, used exclusively in the WtW program and were purchased within the amount budgeted for computers in the grant.

OIG's Conclusion: Madison County acknowledged that Federal procurement rules were not followed in acquisition of the computer equipment. We continue to recommend recovery of \$29,020 spent on improperly procured equipment.

Questioned costs of \$17,237 paid to consultants in excess of the \$400 daily maximum

Madison County's Response: The response indicates turnover in management personnel created the necessity of relying more heavily on consultants than originally anticipated. Madison County also commented total payments to the four consultants did not exceed the total amount set out in the grant application or in the consultants' contracts. The response also indicates, beginning September 2001, the \$400 daily limitation has been strictly enforced.

OIG's Conclusion: ETA should recover amounts already paid in violation of the grant limitation.

Questioned costs of \$34,849 paid to consultants before their contracts were executed

Madison County's Response: Madison County indicated turnover and vacancy of the Executive Director's position resulted in formal written contracts with the consultants not being executed, when the WtW program began. The response indicates the contracts were approved on April 7, 2000, but not signed. According to the response, it was intended that the contracts cover all consultants' services from October 1, 1999, the date of the grant's inception.

OIG's Conclusion: Madison County acknowledged that consultants' contracts were not executed for over 6 months after the program began. The response does not provide an explanation of why the contracts were not dated. Payments made to consultants without benefit of a contract were improper and should be recovered.

Questioned costs of \$38,122 paid to consultants for services not benefiting the WtW program

Madison County's Response: The County responded, "With all due respect to the auditors, it would seem that this is a decision more properly made by the grant officials with the Employment and Training Administration." According to the response, activities we reported as not benefiting the WtW program, including solicitation of funds and development of a National Tracking Directory, are beneficial and may be interpreted as authorized activities. The response also indicated one consultant's contract was submitted to an ETA representative for review, and no feedback was received indicating that the services were unallowable.

OIG's Conclusion: We disagree with Madison County's suggestion that OIG should not determine if consultants' services were outside the scope of their contracts, or benefited the WtW program. Such evaluations are within the scope of our authority, as identified in the Inspector General Act of 1978, as amended. The Act authorizes the OIG to audit and evaluate DOL programs and operations, and to report its findings to the Secretary and the Congress.

ATTACHMENT A

Neither grant writing nor financial self-sustenance are allowable grant activities. Development of a National Tracking Directory of resources is outside the scope of the WtW grant, and duplicates information readily available at no charge from many other sources. Activities that benefited other programs are obviously not allowable uses of WtW funds.

Although we disagree, Madison County's argument that the consultants' work was within the scope of their contracts is irrelevant. As discussed elsewhere in this report, the consultants worked many months before their contracts were developed and executed. We noted that one consultant was terminated before his contract was formally executed.

Questioned costs of \$1,000 paid to consultant for same time periods, and questioned costs of \$350 for billing two programs for the same time period

Madison County's Response: The payments should not have been made. The consultant has been requested to pay back the funds.

OIG's Response: The funds should be promptly returned to the U.S. Department of Labor.

Questioned costs of \$1,575 paid for consultant's travel expenses

Madison County's Response: The response acknowledges reimbursement of travel expenses were not approved in the consultant's contract but the grant application includes a budget for travel.

OIG's Conclusion: Travel expenses were not authorized in the consultants' contracts and are not allowable. Such expenses are already factored into consultants' billing rates.

Questioned costs of \$15,265 improperly paid to Dr. Sylvanus S. Ogburia

Madison County's Response: "Dr. Ogburia has been advised to seek a retroactive modification of his contract."

OIG's Conclusion: Rather than advising Dr. Ogburia to seek a retroactive modification of his contract, Madison County should promptly return \$15,265 to the U.S. Department of Labor that was improperly paid the consultant. It is inappropriate to seek a "retroactive contract modification" for unauthorized activities. Regardless, the services performed were not within the scope of the grant agreement and were not allowable WtW activities.

ATTACHMENT A

Questioned costs of \$800 improperly paid to Thomas Colvin

Madison County's Response: Services provided by Mr. Colvin were within the scope of his contract.

OIG's Conclusion: We disagree. Services provided by Thomas Colvin were outside the contract's scope of work. We were not provided documentation that participants were trained, as called for in the contract. Regardless, Madison County's argument that the services were within the contract's scope of work is moot, since the consultant was terminated before his contract was executed. As previously stated, all payments to consultants without benefit of a contract are improper.

Questioned costs of \$29,000 paid to COARMM for in-kind services

Madison County's Response: The response indicates "COARMM complied with the in-kind contributions in the areas of mentoring, tutoring, and coaching." According to the response, the funds were used to recruit non-custodial parents through the court system.

OIG's Conclusion: Madison County did not disagree that COARMM was paid \$29,000, although the grant agreement provided that the services would be in-kind contributions. Madison County also did not dispute that the funds were paid without the benefit of a contract, and were not provided for in the grant agreement.

COARMM was paid for recruiting WtW participants from the court system. However, the grant agreement identified contacts in the court system as sources of referral for non-custodial parents. Consequently, it is not apparent the payments to COARMM were necessary. We continue to recommend Madison County promptly repay the \$29,000 to the U.S. Department of Labor.

Questioned costs of \$4,822 paid to Perfection Plus Business

Madison County's Response: The transaction was arms-length and did not violate Alabama State Ethics Law.

OIG's Conclusion: The vendor was an employee of COARMM and does not have the appearance of an arms-length transaction. In response to this report, Madison County discussed COARMM's close working relationship with the WtW program. Madison County, in its administration of the WtW program, had a fiduciary responsibility to avoid situations that created a conflict of interest, or the appearance of a conflict of interest.

ATTACHMENT A

Questioned costs of \$3,556 paid to Huntsville Rehabilitation Foundation for services provided to individuals who were not WtW participants

Madison County's Response: The individuals were part of a large pool of prospective participants.

OIG's Conclusion: The WtW program should not have been charged for services provided to individuals who were not WtW participants. The \$3,556 should promptly be repaid to the U.S. Department of Labor.

Questioned costs of \$22,407 paid to HRF for excessive job coaching services

Madison County's Response: The services were not excessive, because the needs of any given individual is an unknown variable. Job coaching levels spelled out in the contract were never intended to be absolutes.

OIG's Conclusion: The contract provisions allow for up to 10 days of job coaching for any participant. As discussed elsewhere in this report, the costs we questioned were for participants who received an average of 35 days (280 hours) of job coaching. We noted that one individual received 79 days (632 hours) of job coaching. We do not believe it was reasonable to provide participants job coaching that exceeded expectations by such large margins. We also question the effectiveness of excessive job coaching assistance.

Questioned costs of \$146,050 paid to two colleges without adequate supporting documentation

Madison County's Response: Student case workers daily time sheets were destroyed in a March 11, 2001 fire. Madison County provided us a sample of Alabama A&M weekly activity reports for student case workers and interns, and a sample of time sheets maintained by the Oakwood College field supervisor.

OIG's Conclusion: Although Madison County stated that fire destroyed student case workers' timesheets, some of the invoices we reviewed included attached timesheets. The timesheets indicated most of the students were not working the required 20 hours each week. Other timesheets showed students were tutoring or performing research at Alabama A&M computer lab or the Huntsville Public Library. According to Madison County, the students were researching funding opportunities for the self-sustenance of the WtW program. As stated elsewhere in this report, the WtW program was already funded, and such functions are not allowable.

Madison County's response included a sample of "Weekly Field Practicum Activity Reporting Sheets" said to have been used by Alabama A&M University Department of Social Work to record students' activities. For a variety of reasons, we cannot accept them as adequate

ATTACHMENT A

documentation. The sheets do not include all the student case workers said to have been involved with WtW clients. Further, many of the activities case workers performed cannot be discerned or case workers appear to have worked on other programs or activities. Also, some sheets indicated the students did not work the required 20 hours per week. Several are unsigned by the supervisor or not dated. One of the student case workers' sheets is labeled "sample."

Madison County also provided us samples of daily logs that were maintained by the Oakwood College Field Supervisor. However, in previous correspondence, Madison County told us that:

Initially, under the program's previous administrator, Oakwood students were not maintaining proper documentation of activities on time sheets for work performed. . .

Regardless, we have the same concerns with the completeness and relevance of the Oakwood College daily logs as with the Alabama A&M documentation. Many of the activities are not discernable or the activities identified do not appear to have any relevance to the WtW program. For example, one student described his activities, from 8 a.m. to 5 p.m., in the "Daily Tasks and Learning Experiences" section of the log as "today I finished up my homework and spoke to some D.H.R. case managers about the Alabama A&M football game."

We continue to question \$146,050 paid to the two colleges without adequate supporting documentation.

Fourteen Percent of Sampled Participants Were Ineligible

Madison County's Response: Madison County indicated they were unable to confirm that 5 sampled participants, whose associated WtW costs totaled \$18,356, were ineligible for the program, because the participants' names were not provided in the audit report.

OIG's Conclusion: Their names were not included in the report because provisions of the Privacy Act prohibit us from disclosing participants' names or other personal identifying information. However, we provided the names of the ineligible participants to Madison County in previous correspondence and received a detailed response on each participant. Further, Madison County program officials were invited to contact us if they had any questions about the draft audit report. We received no inquiries.

Although Madison County said that they were unable to confirm our assertion that 5 (14 percent) of the sampled participants were ineligible because we did not provide participant names, their response indicates they have taken corrective action and are no longer serving 2 of the individuals. According to the response "After e-mailing the GOTR for interpretation of regulations corrective actions were implemented immediately." Consequently, we continue to question \$18,356 paid for program services provided the five participants.

EXHIBIT 1**SUMMARY OF QUESTIONED COSTS**

FINDING	QUESTIONED
Cost Incurred Before the Grant Began	\$1,837
Unauthorized Van Purchase	14,533
Improperly Procured Computer Equipment	29,020
Dr. Alfred A. Jarrett	70,918
Dr. Abdul Jalloh	6,150
Dr. Sylvanus S. Ogburia	15,265
Thomas Colvin	800
COARMM	29,000
Perfection Plus Business	4,822
Huntsville Rehabilitation Foundation (HRF)*	25,963
Alabama A&M University	118,550
Oakwood College	27,500
Ineligible Participants	18,356
Less \$4,485 also questioned because HRF provided over 10 days of job coaching services*	(4,485)
NET QUESTIONED COSTS	\$358,229

*WtW grant funds of \$4,485 paid to HRF were questioned for more than one reason

**TEXT OF MADISON COUNTY'S
RESPONSE TO THE DRAFT AUDIT REPORT
(FOLLOWING THIS TITLE PAGE)**

Madison County's response to the draft audit report, absent the attachments, is presented in its entirety. The attachments have been omitted because they included voluminous material that included a variety of personal identifying information protected from public disclosure by the Privacy Act. However, we have transmitted a copy of Madison County's entire response to ETA, for use by the Grant Officer in resolving the findings.

Response of The Madison County (Alabama) Commission
to The Draft Report Titled
"Audit of Madison County Working Connection's
Competitive Welfare-to-Work Grant
October 1, 1999 through September 30, 2001"

Report No.: 04-02-001-03-386

March 19, 2002

BACKGROUND

Prior to the adoption of the Balanced Budget Act of 1997, which authorized the Department of Labor to make three billion dollars available for Welfare-to-Work Grants, Madison County had achieved significant success in the field of job placement. Beginning in 1994, the Madison County Commission has sponsored a job placement program which included a "Job-A-Thon" and a Job Fair. The Job-A-Thon is a one hour long television program aired on the local ABC affiliate which solicits businesses to pledge jobs for needy individuals. In 1999, the "Job-A-Thon" produced 1,560 job offers. In 2000, 2900 jobs were pledged. The Job Fair is a setting in which the companies which have pledged jobs on the Job-A-Thon come and interview prospective workers for employment.

In the beginning the program was aimed at young people only. Madison County quickly learned that parents as well as young people needed assistance in locating jobs. The program was extended to include all ages. Madison County worked with the local office of the Alabama Department of Human Resources to assist welfare recipients in locating employment.

The Welfare-to-Work Program was a natural fit for Madison County with its successful experience in job placement. The target population of the Welfare-to-Work Program, non-custodial parents, however, was much more difficult to recruit for the program and to retain in a job than those young people and parents who had participated in the Job Fairs. Many non-custodial parents are individuals who have for years mastered the art of surviving

without working. They often are people who have never felt any "ownership" of a child which they feel would warrant paying child support. Most of these non-custodial parents come from generations of homes where there was no positive male role model with which to interact on a daily basis. Working was not the norm. Many non-custodial parents strenuously object to paying child support to a custodial parent when the non-custodial parent has no control over the expenditure of the money by the custodial parent. Many of these non-custodial parents lack job skills. Many suffer from some mild mental disorder. Most fit the description "hard to employ." Extensive job coaching and mentoring is required for most Welfare-to-Work participants in order for them to retain employment.

PROBLEMS

A number of problems have plagued the Madison County Welfare-to-Work Program since its inception. The Department of Labor has assigned three different Grant Officer Technical Representatives (GOTRs) to Madison County during the 30-month existence of the Welfare-to-Work Grant. This has resulted in Madison County having great difficulty in getting consistent interpretation of regulations and assistance in problem-solving from the Department of Labor. Because the program was funded by a fixed period (30-month) grant, the recruitment of competent individuals to staff the program was difficult in that there was no guaranty of a job beyond the 30-month life of the grant. Turnover in management personnel

has caused significant problems. The initial choice to direct the program was Dr. Helen McAlpine, who had just retired as Assistant Superintendent of the Huntsville City Schools. After considerable negotiation, it was determined that Dr. McAlpine could not accept the position and receive her retirement; therefore, she declined the position. It then became necessary to re-advertise and re-interview for the Director's position. Although the grant began on October 1, 1999, a Director was not in place until December 20, 1999. The first Director, Tommie Lockhart, served only until August 2000. Lockhart was succeeded by Diane Kerns, who served as Acting Director until December 31, 2000. On January 8, 2001, Earnest Starks assumed the position of Director of the program. Starks' salary and benefits are fully paid by the Madison County Commission and no part of Starks' compensation is charged to the Welfare-to-Work Grant. Lekisha Burton became the accountant for the program on October 8, 2001. Prior to that time, the accountant for the program had not performed satisfactorily.

On Sunday, March 11, 2001, a fire destroyed County buildings located at Hi-Lo Circle which included the offices of Madison County Commission-District 6, the Welfare-to-Work program, the Waste Control Department, the Purchasing Warehouse, the Bridge Crew Building and the Construction Department. This fire both disrupted the operation of the Welfare-to-Work program and destroyed records of the Welfare-to-Work program.

RESPONSE TO AUDIT

1. Audit: Personnel costs of \$1,837.00 were improper

Madison County has been unable to confirm that the questioned costs of \$1,837.00, in fact, were paid for a period of time prior to October 1, 1999, the date the WtW grant began. No payment from WtW funds should have been made to any employee for a time period prior to October 1, 1999.

2. Audit: Equipment purchases of \$43,553.00 were unallowable

a. \$14,533.00 for the unauthorized purchase of a van

Vans for the program were competitively bid and purchased. \$14,533.00 remained after purchase of the fourth van. Additional transportation was sorely needed. The WtW program purchased a fifth van using \$14,533.00 remaining in the WtW budget for vans along with additional funds from Madison County. Even with the purchase of the fifth van there was not sufficient transportation to meet the needs of the WtW program. Two automobiles, one on a full time basis, the second on a part time basis, were provided to the WtW program by Madison County. Although the fifth van was purchased without the required prior approval of the ETA's Grant Officer it is unquestioned that the fifth van was vitally needed, used exclusively in the WtW program and was purchased within the amount budgeted for vans in the grant. It would be unfair to recover from Madison County the cost of a van which has been used for the duration of the WtW program.

- b. \$29,020.00 for computer equipment that was improperly procured

Invitation For Bid No 99-176 was issued by Madison County for computer equipment for the Welfare-to-Work Program, in compliance with the Alabama Competitive Bid Law. Eight bidders responded to the IFB. The bids were opened on November 23, 1999. Three out-of-state bidders were erroneously rejected for their failure to include non-resident bidder forms in that this contract was to be funded with funds received from a Federal agency. These forms are required under Alabama law. Of the remaining five bidders, three were rejected for failing to submit a bid bond. The remaining two bidders either did not meet specifications or did not submit a bid for all items in the IFB. The Madison County Commission rejected all bids at its meeting held on December 3, 1999.

Madison County Commissioner Prince Preyer gave instructions that the computer equipment was to be re-bid. Through a misunderstanding of Commissioner Preyer's instructions, a consultant for the Welfare-to-Work Program believed that because there was no responsive bidder, the Welfare-To-Work Program could negotiate for purchase of computers. This is permissible under the Alabama Competitive Bid Law when there are no responsive bidders. The consultant assumed that negotiations should not be conducted with the three "disqualified" out-of-state bidders. Of the two local bidders who bid for all items but whose bids were rejected for no bid bond, one was a bidder with whom there had been problems in regard to computer equipment. The remaining local bidder, Tek-

Write, had been rejected because it had not submitted a bid bond and it did not specify the GB hard drive for the removable disk drive as specified in the bid. The computer equipment was purchased from Tek-Write, has been received and is in use. The price paid to Tek-Write was only \$786.00 greater than the other local bidder.

It is unquestioned that the computers were vitally needed, used exclusively in the WtW program and were purchased within the amount budgeted for computers in the grant. It would be unfair to recover from Madison County costs of computers which for 30 months have been used in the WtW program.

3. Audit: "Consultants' Cost Were Improperly Charged to the Program"

The audit states that the four consultants improperly charged the WtW program \$93,133.00. The charges regarding the consultants fall into four categories:

- (a) daily limitations (\$400.00) on amounts the consultants could charge the program were not observed;
- (b) the consultants were paid for services before their contracts were executed;
- (c) the consultants were paid for services outside the scope of the contracts; and
- (d) some consultants were reimbursed for expenses not authorized in their contracts.

In addition, the audit charges that Dr. Alfred A. Jarrett billed \$1,000.00 for the same time periods and billed \$350.00 to two programs for the same time period.

- (a) The daily limitations (\$400.00) on amounts the consultants could charge the program were not observed

The charge that daily limitations (\$400.00) on amounts that consultants could charge the program were not observed will be addressed as to all of the consultants. As discussed in the PROBLEMS on page 3 above, no Executive Director was employed by the program until December 20, 1999, and two separate Executive Directors were employed between December 20, 1999 and December 31, 2000. Because there was no Executive Director and due to the change in Directors it was necessary to rely much more heavily on consultants than originally anticipated. Beginning with the billing for the period beginning September 2001 the \$400.00 per day limitation has been strictly enforced. Even though the \$400.00 per day limitation may have been exceeded the total payments or compensation which has actually been paid to any one of the four consultants has not exceeded the total amount set out in the grant application and set out in their contracts.

- (b) The consultants were paid for services before their contracts were executed

This charge will be addressed as to all four of the consultants. The consultants and the services which they were to provide were identified in the grant application which was submitted on April 26, 1999. When the grant was awarded, the consultants began providing these services to the WtW program. As

discussed above, due to the lack of an Executive Director, formal written contracts were not entered into with the consultants at the beginning of the program. Draft contracts were circulated early in the year 2000 and final contracts were completed in March 2000. The formal contracts were submitted to and approved by the Madison County Commission on April 7, 2000. The signed copies of the contracts are not dated. It was the intention of the Madison County Commission that the contracts should cover all services rendered by the consultants from the inception of the grant on October 1, 1999. The audit points out that three invoices submitted by Dr. Jarrett were not prepared in accordance with the terms of Dr. Jarrett's formal written contract. The draft audit also points out that these three invoices were submitted prior to the execution of Dr. Jarrett's formal written contract. After the execution of the formal written contract all invoices submitted by Dr. Jarrett contained the detailed information required by the contract.

(c) The consultants were paid for services outside the scope of their contracts

The audit contends that Dr. Jarrett billed \$20,932.00 for unauthorized services that did not benefit the WtW program and that Dr. Abdul R. Jalloh was paid \$1,925.00 for services not benefitting the WtW program. The decision as to whether specific services rendered by Dr. Jarrett and Dr. Jalloh "did not benefit the WtW program" is a highly subjective decision. With all due respect to the auditors, it would seem that this is a decision more properly

made by the grant officials with the Employment and Training Administration.

Dr. Jarrett's contract was submitted to the DOL GOTR, Mary Evans, in July 2000 for review. The program did not receive feedback from the GOTR of any non-compliance or stating that "solicitation of funds" is not an allowable cost. In the Grant Application, Dr. Jarrett is described as participating in "program design and implementation." Grant writing/grant proposal is a form of program design. Dr. Jarrett has written grant proposals which will allow for the program's self-sustenance during and after the DOL funding ends. The word "solicitation" may have a different definition and/or interpretation, but the activities performed so far by Dr. Jarrett are financial self-sustenance related such as: securing funding from "Federal, Statewide or Local sources to ensure that the Working Connection has a funding base after the WtW grant ended."

Tommie Lockhart, the Working Connection Director at the time, approved the National Tracking Directory compiled by Dr. Jarrett and Dr. Jalloh. The Directory is a resource document that helps to locate agencies in Madison County and beyond that are capable of providing services to NCPs in the program. The Directory is used solely for this purpose.

Any monies paid Dr. Jarrett for the same time periods or where two programs are billed for the same time period should not have been paid. Demand is being made of Dr. Jarrett to pay back these payments.

- (d) Some consultants were reimbursed for expenses not authorized in their contracts

Although Dr. Jarrett's consulting contract does not specifically provide for reimbursement of travel expenses, travel expenses were included in the budget in the Grant Application.

Dr. Sylvanus S. Ogburia's contract

With regard to the contract with Dr. Ogburia, please see the correspondence between the Madison County Attorney and Dr. Ogburia attached under Tab A. Dr. Ogburia has been advised to seek a retroactive modification of his contract.

Thomas Colvin's contract

Brochure development and computer lab setup are within the scope of Mr. Colvin's contract. The brochure was developed as a handout for potential participants who are interested in commercial art education to give them an idea of the subjects that will be covered in the art seminars. It was also to be used as a marketing tool to attract participants into commercial art education.

Colvin intended to teach participants commercial art education by using computers to create images and graphic designs. Modern art education is taught through computers using the appropriate software. The computer lab had to be setup in order for participants to acquire the appropriate art education to make them professionally competitive in the modern art profession.

4. Audit: Several Contractors' costs totaling \$205,835.00 are questionable
 - a. COARMM charged the WtW program \$29,000.00 for in-kind services

Per the Memorandum of Understanding (MOU) COARMM complied with the in-kind contributions in the areas of mentoring, tutoring, and coaching. The COARMM staff and especially the Director, Earnest Starks, spent countless hours working with the case managers during the intake process coaching and mentoring participants. Some participants had not given thought to taking the GED after having been out of school for years.

Many of the participants hesitated or were very reluctant about agreeing to participate with any "ghost" support system, that is, a system of which they had no knowledge. They were the victims of several other community programs before the WtW program that promised support and resources but failed to deliver in helping them to become self-sufficient. Staff members of COARMM worked with participants on a weekly and sometimes daily basis discussing the advantages of the WtW opportunity, encouraging them to make a better choice today that would positively effect them for the rest of their lives. In-kind contributions to the WtW program by COARMM were conducted per the MOU.

The personnel turmoil, constant turnover of case managers (six in less than 9 months), absence of a Director and Assistant Director for a period of time affected the overall implementation of the program, decreasing the possibility of accomplishing performance goals established in the grant. In order to improve

achievement of performance goals a strategy was implemented to increase the program numbers. Two individuals were recruited and paid (See checks under Tab B) to work with the Court System to assist in increasing the number of Non-Custodial Parents through referrals. This technique was very effective. (See List of Court Referrals under Tab C) More than one hundred Non-Custodial Parents were referred through the Madison County Court System.

Neither the COARMM Program or any of its staff members received any of the \$29,000 for "in-kind" services or for any other services rendered. All the funds were used to recruit Non-Custodial Parents for the WtW program.

- b. Perfection Plus Business was improperly paid \$4,822 by the WtW program

The Alabama Competitive Bid Law does not require competitive bidding on expenditures involving funds less than \$7,500.00. The transaction with Perfection Plus Business was an arms-length transaction. There is no evidence that the monies paid for the design and printing of a multi-color promotional brochure were excessive. The transaction did not conflict with the Alabama State Ethics Law. The employee who was associated with Perfection Plus Business was not employed by the WtW program and there is no evidence that the employee used her position for personal gain in violation of the Ethics Law.

- c. Huntsville Rehabilitation Foundation (HRF) improperly charged the WtW program \$25,963 for services

WtW participants did not receive "excessive" job coaching services. The intent of the three levels of job coaching must be

first understood. The specific number of days to be provided to all WtW participants as noted in the grant is clearly a benchmark as the needs of any given participant is an unknown variable. Some participants need less than the grant outlines and some participants need more. To provide job coaching when not needed or to provide less job coaching than is needed would be both unethical and inappropriate. The total amount of money earmarked for job coaching was not nearly reached. The intent of the three levels of job coaching was not to spell out the actual amount of job coaching to be provided but to provide estimates of the actual need to allow for funding approximation. Never were the three levels of job coaching intended to be absolutes. Per the grant, the employer and WtW personnel ultimately decide the need for job coaching. The number of days provided has always followed this provision. All job coaching in question was pre-authorized by WtW personnel, provided and then reported on per WtW requirements. These documents are available for review.

- d. Two colleges charges the WtW program \$146,050.00 without providing adequate documentation of activities

Alabama A & M University: The Alabama A & M University Welfare-To-Work Student Case Workers Daily Time Sheets indicating total numbers of hours worked per week, where they worked and what services they performed for the Welfare-To-Work program were destroyed in the March 11, 2001 fire described above. Daily Time Sheets were monitored and highly emphasized to ensure that 20 hours each week was completed by the student or made up before the

end of the semester. Make up hours were authorized after duty hours and weekends (See Guidelines for Interns and minutes of Working Connection Meetings under Tab D).

There have been no Alabama A & M University student case workers since the Spring Semester 2001. There is a difference between college students who are interns doing field study which are not paid and college students who are Welfare-to-Work case workers who are paid. Madison County contacted Alabama A & M University in an attempt to get copies of Welfare-to-Work case workers' daily time sheets. Attached under Tab E are Alabama A & M University's Social Work Department weekly field practicum activity report sheets that Alabama A & M students used and submitted to the graduate field supervisor. These documents are only a sample to show the type of documentation that was maintained. Some of these forms are from students who were only interns doing field study. Others are for students who were both interns doing field study and were Welfare-to-Work case workers.

COARMM has several programs for college Intern Students to conduct Field Study and conduct tutoring as a community service as part of their graduation requirement. Some of the Welfare To Work Case Workers also did their Student Internship at COARMM before, during or after a semester of working with the Welfare -To-Work program. None of the WtW Student Case Workers were authorized or approved to conduct tutoring services at any of the assigned schools, agencies, churches, or after school facilities. Student Case Workers have never been asked to perform tutorial services.

Student Case Workers were assigned to assist in researching for funding opportunities for the self-sustenance of the Program. This was based on the program administrators understanding of self-sustenance (writing grants to sustain the program after the grant end).

Oakwood College: The Student Case Worker's Daily Time Sheets indicating total numbers of hours worked per week, where they worked and what services they performed for the Welfare-To-Work program were also destroyed in the March 11, 2001 fire. Attached under Tab F are sample copies of the Oakwood College Student Case Workers Daily Time Sheets that were maintained by the College Field Supervisor and signed by the Welfare-To-Work Case Manager indicating total numbers of hours worked per week, where work was performed and what services were performed.

5. Audit: Fourteen percent of sampled participants were ineligible

Madison County cannot confirm that 14% of participants were, in fact, eligible because participant names and case numbers were not provided in the audit.

As to the five participants described, without names, in the Audit, Madison County Notes:

- (Third participant listed) Participant was declared ineligible for the program after confirming medical status. Individual did not receive any WtW services other than

informing the individual of other disability benefits and local resources available. Fortunately, the individual was entitled to several other benefits and more importantly other benefits were also available for his children which benefits were unknown to the individual.

- (Fourth participant listed) Alabama Unemployment Insurance Wage History Files indicate higher earnings were not within current year.
 - Payment was prorated based on six months. However, approval for school was based on interpretation of grant terminology of upward mobility to increase salary upon graduation and securing a job. After e-mailing GOTR for interpretation of regulations corrective actions were implemented immediately.
- (Fifth participant listed) Payment was prorated based on six months. However, approval for school was based on interpretation of grant terminology of upward mobility to increase salary upon graduation and securing a job. NCP unsuccessful in securing job in current field. After e-mailing GOTR for interpretation of regulations corrective actions were implemented immediately.

6. Audit: Expenditure reports were not prepared in accordance with requirements

The Madison County Commission financial records indicate expenditures were not accrued until year end. It is the policy of the Madison County Commission that accruals are prepared once a year. This practice is in accordance with government accounting policy and procedures using the modified accrual method.

7. Audit: Program performance goals have not been met

There have been a tremendous amount of positive results in terms of behavior modification, self sufficiency, and alteration of values from the WtW program. The WtW program has made a difference in several NCPs attitudes and approach to life as human beings and as parents. More importantly the program has improved not only their life style but the life style of their children. Several of the Non-Custodial Parents have made the transition from unemployment/underemployment to employment and are self sufficient.

The WtW program made some mistakes and is struggling trying to correct them to the best of the current leadership's ability to interpret the DOL Regulations and within the scope of the grant. The program has been moving in a positive direction since January of 2001:

- 213 Non-Custodial Parents (NCP) have enrolled in the program as participants since the beginning as of the Welfare-To-Work program.
- 98 NCPs were enrolled in the program before January 2001.

- The number of participants has increased from 98 to 213 in the past year. Approximately 542 leads were obtained and 444 individuals were contacted and offered the opportunity to participate in the program.
- 91 Non-Custodial Parents have been employed.
- Some \$143,138.74 has been paid as child support by WtW participants.
- 13 NCPs received services towards vocational training since January 2001. None had received this training prior to January 2001.
- Ten Non-Custodial Parents have been given the GED Test since January 2001. None had been tested prior to January 2001.
- Welfare-To-Work drivers provided transportation services for over 115 Non-Custodial Parents for job related services, job placement and vocational training to enhance upward mobility.
- The database for NCP participants was hand written from the inception of the program until July 2001. The database did not have all the information necessary to extract adequate reporting for quarterly reports, statistical studies to monitor progress, and sufficient follow-up. New WtW Case Managers literally backtracked and extracted data from previous case managers poorly documented files and built a computerized database capable of assisting in the reporting process.

- Files have been updated with constant follow-up with only two case managers with complete ISSPs.
- Attempts to correct mistakes were executed immediately.

8. Audit: Placement costs are high

Purely dividing the number of non-custodial parents who have been placed in unsubsidized employment by the total amount of money spent from the grant, placement costs are high. As discussed above, Madison County has learned that the recruiting of participants for the program and the maintenance of these participants in unsubsidized employment is much more difficult than was envisioned at the time of the grant application. Madison County suspects that this has been true in most Welfare-to-Work programs over the country. Madison County believes that the results obtained thus far in the program are substantial.

CONCLUSION

Madison County, in spite of the difficulties enumerated in this report has, in the past year, begun to achieve success with its Welfare-to-Work program. Madison County believes that it now has the capacity to administer an effective program. Madison County believes that most of the expenditures questioned in the audit arise from problems at the inception of the program or from the simple unavailability of pertinent documentation rather than

through any dishonesty or deliberate avoidance of the rules and regulations pertaining to the grant.

ADDENDUM

4.c. Huntsville Rehabilitation Foundation (HRF) Improperly Charged the WtW Program \$25,963 for Services

Payments for Individuals Who were not WtW Program Participants:

These were individuals who were part of a large pool of prospective participants referred to as LEADS. They were identified as eligible for the program according to the criteria of the grant as stated:

- (1) Unemployed, underemployed, or having difficulty paying child support obligations and
- (2) Their minor children are eligible for, or receiving TANF benefits (with a priority for parents with children who are ong-term recipients) AND

Received TANF benefits during the preceding year, OR

Eligible for, or receiving assistance under the food Stamps Program, the Supplemental Security Income (SSI) Program, Medicaid, OR the Children's Health Insurance Program (CHIP), AND

- (3) Enter into a personal responsibility contract under which they commit to cooperating in establishing paternity and paying child support, and participating in services to increase their employment and earnings, and to support their children, AND
- (4) The participant must be a resident of Madison County.

These individuals would not return telephone calls, respond to any mail and were extremely hard to locate. The Welfare-to-Work program was short of case managers and no one was available to find or locate these individuals. A decision was made to utilize the individuals at the Huntsville Rehabilitation Foundation Center to assist in locating these individuals by visiting their homes, barber shops, gymnasiums, and other places where these individuals were "hanging out." The majority of these individuals who were eventually located and informed about the program, enrolled as participants.